

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) Act/017/001
(Mineral Mined) Uranium

"MINE LOCATION":

(Name of Mine)	<u>Tony M and Lucky Strike Mines</u>
(Description)	<u>Underground mine located in</u> <u>the eastern portion of Garfield</u> <u>County, Utah</u>

"DISTURBED AREA":

(Disturbed Acres)	<u>55 Acres</u>
(Legal Description)	<u>Exhibit A</u>

"OPERATOR":

(Company or Name)	<u>Nuclear Fuel Services, Inc.</u>
(Address)	<u>205 Banner Hill Road</u> <u>Erwin, Tennessee 37061</u>
(Phone No.)	<u>(615) 743-9141</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

E. Alan Fletcher

Pruitt, Gushee & Fletcher

1850 Beneficial Life Tower

Salt Lake City, UT 84111

(801) 531-8446

"OPERATOR'S OFFICER(S)":

Paul F. Schutt

"SURETY":

(Form of Surety - Exhibit B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

North Carolina National Bank

"SURETY AMOUNT":

(Escalated Dollars)

\$148,000.00

"ESCALATION YEAR"

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. Act/017/001 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

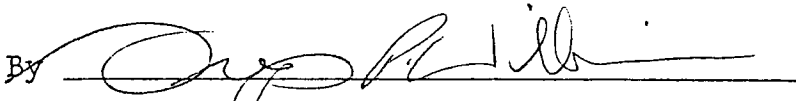
1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the reclamation bond, the Operator shall provide a replacement bond in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement bond, the Division may order the Operator to cease further mining activities and to begin reclamation of the site.

3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operators liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.

10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 26th day of April ~~January~~ 1990.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By 
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By

Director

Dianne R. Nielson

Date

4-26-90

STATE OF UTAH)

) ss:

COUNTY OF SALT LAKE)

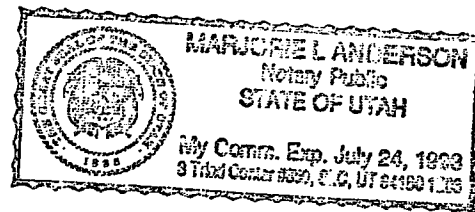
On the 26th day of April
January, 1990, personally
appeared before me, who being by me duly sworn did say that he/she,
the said DIANNE R. NIELSON is the Director
of the Division of Oil, Gas and Mining, Department of Natural
Resources, State of Utah, and he/she duly acknowledged to me that
he/she executed the foregoing document by authority of law on behalf
of the State of Utah.

Marjorie L. Anderson

Notary Public

Residing at: Salt Lake

My Commission Expires:



OPERATOR:

By Paul F. Schutt - Chairman
Corporate Officer - Position

January 22, 1990
Date

STATE OF Georgia)

COUNTY OF Gwinnett)

ss.

On the 22nd day of January, 1990, personally
appeared before me Paul F. Schutt who being by
me duly sworn did say that he/she, the said Paul F. Schutt
is the Chairman of Nuclear Fuel Services, Inc.
and duly acknowledged that said instrument was signed on behalf of
said company by authority of its bylaws or a resolution of its board
of directors and said
Paul F. Schutt
company executed the same. Paul F. Schutt duly acknowledged to me that said

Spring W. Bane
Notary Public

Residing at: Gwinnett County

My Commission Expires:

Notary Public, Gwinnett County, Georgia
My Commission Expires March 4, 1993

OPERATOR:

By

Paul F. Schutt - Chairman

Corporate Officer - Position

January 22, 1990

Date

STATE OF

Georgia

)

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ss.

COUNTY OF

Gwinnett

)

On the 22nd day of January, 1990, personally appeared before me Paul F. Schutt who being by me duly sworn did say that he/she, the said Paul F. Schutt is the Chairman of Nuclear Fuel Services, Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Paul F. Schutt duly acknowledged to me that said company executed the same.

Ernie W. Bane
Notary Public

Residing at: Gwinnett County

My Commission Expires:

Notary Public, Gwinnett County, Georgia
My Commission Expires March 4, 1993

Surety Company

Date _____

On the _____ day of _____, 19____, personally appeared before me _____ who being by me duly sworn did say that he/she, the said _____ is the _____ of _____ and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said company executed the same.

Residing at:

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

APPENDIX A

The Tony M and Lucky Strike Mines are located in the SE 1/4, SW 1/4 and SW 1/4, SE 1/4, Section 16, T. 35 S., R. 11 E., and NE 1/4, NW 1/4 and NW 1/4, NE 1/4, Section 21, T. 35 S., R. 11 E. Also set apart from the disturbed area is a mine waste water disposal facility which is located in the SW 1/4, NE 1/4 and SE 1/4, NE 1/4, Section 17, T. 35 S., R. 11 E., Garfield County, Utah.

A map of suitable scale depicting actual disturbed areas of the mining operation has previously been filed with the Division of Oil, Gas and Mining and is identified as "Map #7-TM-7."